THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Under the recommendation of Twelfth Finance Commission (TFC) assistance is provided to States under two heads viz. Calamity Relief Fund (CRF) and National Calamity Contingency Fund (NCCF). TFC has allocated a sum of Rs. 16,000 crore as Centre's share under CRF for its award period 2005-10

The Group of Ministers (High Level Committee) decides about the quantum of assistance to States from NCCF for taking immediate relief and rehabilitation measures necessitated by severe calamity.

The Disaster Management Act, 2005 inter-alia provides for setting up of a National Disaster Response Fund and a National Disaster Mitigation Fund in the context of Management of Natural disasters. Dates of coming into force of various provisions of Disaster Management Act, 2005 including those relating to setting up of a National Disaster Response Fund and a National Disaster Mitigation Fund have not been notified so far. No definite sums of money have been allocated so far.

Income tax exemption to Maharashtra Maritime Board

2296. SHRI PRAMOD MAHAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether the State Government of Maharashtra has approached his Ministry for exemption in favour of Maharashtra Maritime Board from the payment of Income Tax; and

(b) if so, by when a favourable decision is likely to be taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) An amendment to section 10(20) of the Income-tax Act to provide exemption from income tax to Maharashtra Maritime Board is not under consideration.

Guidelines for merger of banks

2297. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) what are the guidelines for acquisition and merger of banks;

(b) whether Government have stipulated that all old private sector banks to have a minimum net worth of Rs. 300 Crores and in the case of

commercial banks, they are mandated to have wider investor base with no single entity holding more than 10 per cent stake;

(c) if so, the details in this regard;

(d) whether it is a fact that it is proposed to allow FDI in banks; and

(e) if so, the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Reserve Bank of India (RBI) has issued guidelines on merger and amalgamation between private sector banks and NBFCs with private sector banks on May 11, 2005. The guidelines lay down the process of merger, determination of swap ratios, disclosures, etc. Detailed guidelines are available on the RBI website www.rbi.org.in.

(b) and (c) In the interest of having sufficient minimum size for financial stability, RBI has prescribed that all the existing private sector banks should also submit a time bound program for capital augmentation to be able to fulfill the minimum networth requirement of Rs. 300 crore, as required for a new entity. Further, where the existing shareholding by any individual entity or group of related entities in the bank is in excess of 10 percent, these banks will be required to indicate a time table for reduction of holding to the permissible level of 10%. Detailed guidelines on 'Ownership and Governance of Private Sector Banks' issued by RBI on 28.02.2005 are available on RBI website www.rbi.org. in.

(d) and (e) Govt. of India has issued a notification dated 5th March, 2004 raising the Foreign Direct Investment (FDI) limit in private banks from 49% to 74% under the automatic route including investment of Foreign Institutional Investors (FIIs).

Details of amount recovered by NBFCs

†2298. SHRI MANGANI LAL MANDAL: Will the Minister of FINANCE be pleased to state:

(a) whether comprehensive details of amount recovered from deposits by Non-Banking Financial Companies (NBFC) is not provided either to registrar of the company or to the Reserve Bank of India;

(b) whether the amount of depositors is not refunded as RBI have no control over these NBFCs;

†Original notice of the question was received in Hindi.